

complaint

Mr N complains that Capital One (Europe) plc acted irresponsibly in increasing the credit limit on his account.

background

Mr N held a credit card account with Capital One. He says that Capital One acted irresponsibly when it increased the credit limit on the card in 2014 and 2015. Mr N says that at the time of the increases, he owed significant sums to other creditors and was suffering from a gambling problem.

The investigator did not uphold the complaint. He said that the credit increases were not substantial and had little overall effect on Mr N's minimum payments.

Mr N didn't agree. He said that he would provide bank statements to show his financial position at the time, but I haven't received these. So I've made my decision based on the available information.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've looked at the history of the account. I can see that there have been two credit increases on the account since it was opened. The first increased the credit limit from £800 to £1050 in May 2014. The second increased the limit from £1050 to £1300 in March 2015.

Before increasing the credit limit, I would expect Capital One to carry out affordability checks to make sure that Mr N could afford his minimum monthly payments. The extent of the affordability checks varies, and depends on several factors, including the past conduct of the account and the amount of the credit increase.

The account history shows that prior to the first credit increase, Mr N was managing to pay the minimum monthly repayments. The amount of the credit increase was £250, which affected the minimum monthly repayment by approximately £10.

If Mr N hadn't been managing to pay his minimum monthly repayments, or if the credit limit had been increased by a larger amount, I would expect Capital One to have carried out more extensive affordability checks. But because the increases and the effect of the increases on the minimum monthly repayment were small, I don't think that it would be proportionate for Capital One to carry out extensive affordability checks. I think that the checks carried out were reasonable in the circumstances.

I can see that Capital One wrote to Mr N each time there was a credit increase. The letters gave Mr N the opportunity to decline the increase. There's no evidence that Mr N contacted Capital One to ask it to reverse the increase.

I appreciate that Mr N has suffered from financial difficulties. It's not clear whether he has told Capital One about these. He says that Capital One was aware that he had a gambling problem but I can't find any evidence in the account notes to support this. Once Capital One is aware that a customer is suffering from financial hardship, it has an obligation to respond

positively and sympathetically. So it's in Mr N's interests to tell Capital One if he's currently experiencing difficulties, so that Capital One can respond accordingly.

Taking all of the circumstances of this complaint into account, I'm unable to find that Capital One acted irresponsibly in increasing the credit limit, and I won't be asking it to do anything.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 7 December 2017.

Emma Davy
ombudsman